



JENNIFER M. GRANHOLM
GOVERNOR

STATE OF MICHIGAN
OFFICE OF FINANCIAL AND INSURANCE SERVICES
DEPARTMENT OF LABOR & ECONOMIC GROWTH
ROBERT W. SWANSON, DIRECTOR

LINDA A. WATTERS
COMMISSIONER

BILL ANALYSIS

BILL NUMBER: House Bill 6175
TOPIC: Motor Vehicle Installment Sales Contracts
SPONSOR: Representative Joe R. Hune
CO-SPONSORS: Representative Edward J. Gaffney
COMMITTEE: House Insurance
DATE: June 14, 2006

POSITION

The Office of Financial and Insurance Services (OFIS) supports the bill, if a proposed substitute is adopted in committee.

PROBLEM/BACKGROUND

The Michigan Department of State (MDOS) and Computerized Vehicle Registration (CVR) have entered into an agreement creating a pilot program under which certain licensed car dealers can use CVR's software to issue license plates, tabs, and permits at the point of sale. To cover the cost of implementing the program, the MDOS-CVR agreement permits these dealers to charge an electronic filing fee of \$24.00 to buyers who choose to utilize this optional service. The dealer retains \$12.00 of the fee and CVR gets the remaining \$12.00. Because this electronic filing fee is not expressly authorized by the Motor Vehicle Sales Finance Act (MVSFA), dealers may not assess or finance this fee under an installment sales contract. This lack of express authorization has hampered implementation of the pilot program.

DESCRIPTION OF BILL

The bill amends section 17 of the MVSFA to allow sellers of a motor vehicle to contract with the buyer to pay a fee incurred for the purpose of obtaining a certificate of title. This is in addition to the already allowed payment of fees incurred for the purpose of the registration of a vehicle and issuance of plates. The seller is then allowed to include the amount of that cost in the amount of principal financed under the installment sales contract.

SUMMARY OF ARGUMENTS

Pro

This bill will facilitate the implementation of the MDOS-CVR pilot program for point-of-sale issuance of the vehicle licenses and registrations. Such a program will diminish the number of visits to a Secretary of State office that a dealer has to make, it will greatly reduce the amount of paper work that is handled in connection with the sale of a motor vehicle, and it will lessen the potential for errors in the necessary paper work, as the paper work is only completed one time. In a draft substitute that was sent to us late the day before committee, the language clearly limits the fee to be charged to an amount authorized by the Secretary of State. Before this clarification was made, OFIS had concerns that a limitation was not included.

Con

None known.

FISCAL/ECONOMIC IMPACT

OFIS has identified the following revenue or budgetary implications in the bill as follows:

(a) To the Office of Financial and Insurance Services:

Budgetary:

Revenue:

Comments:

(b) To the Department of Labor and Economic Growth:

Budgetary:

Revenue:

Comments:

(c) To the State of Michigan:

Budgetary:

Revenue:

Comments:

(d) To Local Governments within this State:

Comments:

OTHER STATE DEPARTMENTS

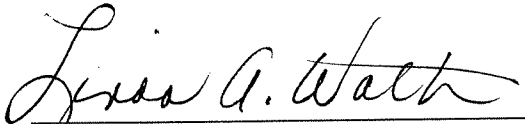
The Department of State has requested this legislation to facilitate implementation of its pilot program for point-of-sale electronic filing of title and registration documents.

ANY OTHER PERTINENT INFORMATION

None known.

ADMINISTRATIVE RULES IMPACT

OFIS has general rulemaking authority under the Motor Vehicle Sales Finance Act.

A handwritten signature in cursive script, reading "Linda A. Watters", is written over a horizontal line.

Linda A. Watters
Commissioner

6-15-06

Date